

## **NATIONAL CONSUMERS LEAGUE**

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August 7, 2012

The Honorable Julius M. Genachowski Chairman Federal Communications Commission 445 Twelfth Street, SW Washington, DC 20530

Re: Applications of Cellco Partnership d/b/a Verizon Wireless, SpectrumCo LLC, and Cox TMI Wireless, LLC, WT Docket No. 12-4.

Dear Chairman Genachowski:

On behalf of the National Consumers League¹ (NCL), the nation's pioneering consumer and worker advocacy organization, I am writing to you to express our deep concerns regarding certain provisions of the above-referenced Verizon-SpectrumCo transaction. In particular, we believe that the proposed Joint Marketing Agreement (JMA) raises serious competition concerns that, if left unaddressed, will likely lead to higher prices, fewer choices and less innovation for consumers in the residential broadband market. In addition, we are concerned that the JMA will lead to fewer jobs being created due to reduced investment in Verizon's FiOS network. It is therefore imperative that the Commission not grant the applications absent certain public interest safeguards.

NCL shares the concerns expressed by numerous public interest commenters regarding the impact of the JMA on consumers.<sup>2</sup> Millions of Americans lack robust choices in the residential broadband market. For the great majority of consumers, there are only two viable options when it comes to their home broadband provider – the local cable company or the local telecommunications company. The proposed JMA would remove any incentive Verizon may have to continue to expand its FiOS footprint, relegating millions of consumers to a poor choice between cable and increasingly outdated DSL for their home broadband service. Conversely, absent a competitive threat from Verizon, cable companies in potential FiOS territories will have less incentive to improve their service quality and keep prices affordable for consumers.

<sup>1</sup> NCL, founded in 1899, is the nation's pioneering consumer organization. Our non-profit mission is to protect and promote social and economic justice for consumers and workers in the United States and abroad. For more information, visit <a href="http://www.nclnet.org">http://www.nclnet.org</a>.

<sup>&</sup>lt;sup>2</sup> See, e.g., Consumers Union. Letter to Chairman Genachowski et al. at 2-4 (filed March 26, 2012).

We are also concerned that reduced investment in the FiOS network will lead to a reduction in job growth. Specifically, we would urge the Commission to consider a recent analysis by economist Helene Jorgensen, which found that nearly 72,000 additional jobs would be created if Verizon were to expand its FiOS network to 95% of its wireline footprint.<sup>3</sup> At a time of high unemployment, a top priority of the Commission should be finding ways to increase, not reduce, the investment necessary to support the creation of good jobs.

Given these concerns, NCL supports the merger conditions proposed by the Communications Workers of America and the International Brotherhood of Electrical Workers, including:

- Requiring Verizon to continue to offer its FiOS residential broadband service and expand this service to 95% of the residences in its in-region territory;
- Requiring Verizon to increase its FiOS deployment to rural, low-income and underserved areas with verifiable timetables and penalties for noncompliance;
- Prohibiting Applicants from cross-marketing their services within the Verizon footprint.<sup>4</sup>

NCL strongly believes that the merger as proposed does not serve the public interest. The Commission should impose strict conditions that will preserve affordable access to residential broadband service, protect competition, encourage innovation and promote job creation.

Sincerely,

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<sup>&</sup>lt;sup>3</sup> See Communications Workers of America. "CWA Study: Verizon Wireless Cable Deal Is Job Killer," Press Release. July 10, 2012. Online: <a href="http://www.cwa-">http://www.cwa-</a>

union.org/news/entry/cwa\_study\_verizon\_wireless\_cable\_deal\_is\_job\_killer/#.UCGTwcie70s

<sup>&</sup>lt;sup>4</sup> See Reply Comments of the Communications Workers of America and International Brotherhood of Electrical Workers. WT Docket 12-4 at 29-30 (filed March 26, 2012).